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# *Chapter Two*

## Optimizing forest government and governance in Europe: Defining forest policy with national tradition or European Union “modernization”

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### Abstract

Since 1990, when Eastern Europe began the transition toward democracy and a market economy, integration of the European Union has strengthened. This has caused both problems and opportunities for the forestry sector, resulting in two types of responses in forest policy. In the first case, in the emerging democracies, the classic instruments of forest government—the rule of law, private ownership and markets for forestry—were instituted or rebuilt. With respect to these reforms, implementation is the major problem today. In the second response, forest governance—cooperative forest policy-making with self-organizing networks of participants from policy, economy and society—was introduced through National Forest Programs or the forest strategy of the European Union. This paper examines relevant policy-making theory, network analysis and case studies in order to demonstrate that this new forest governance offers opportunities for mutual learning, but that the results are also determined by power processes. By showing how power is distributed, network analysis provides useful information in the decision whether to join a specific network. Enhanced forest governance could be a new task for a “facilitating state forest administration.” Whether the state forest service should jump into this new role depends on its ability to become a trusted mediator among all stakeholders in the forests. In conclusion, to develop a strong forest policy it is recommended not simply to follow the EU modern forest governance policy blindly but also to rely on traditional national government instruments and to actively make use of the governance instruments in selected cases only.

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### 1. European forest policy crossing borders

Europe has approximately 1000 million ha of forests which play an essential role in the lives of Europeans (Ministerial Conference on the Protection of Forests in Europe Liaison Unit Vienna 2003). The forests have multiple uses, and both wood and non-wood products supply 500 million inhabitants as well as a growing worldwide export

market. Creating a comprehensive and unified European forest policy is an ambitious project since in reality the forests of Europe are divided into more than 40 national policies based on sovereign states. In a certain sense, political borders cut the European forest policy into 40 policy pieces.

Although national borders remain fundamental realities in Europe, the project of integrating Europe is a vision of creating a more open social and economic space. Widening and deepening the European Union has broken down many borders in recent decades. For Europe’s forests, change has

also been driven strongly by cross-border trends and activities.

On the ecological level, the diffusion of pollutants and nutrients in air and water has not stopped at borders. Plants and animals have spread all over Europe, and the exchange of products by cross-border transport technologies has also had major impacts. When considering the consequences of climatic change, it is clear that cross-border effects have changed the ecological conditions for forests throughout Europe.

The emerging markets in Europe have created strong and accelerating pressures for change. Easy access to cheap wood and labor has provided an incentive for forest-based industries to relocate to Eastern Europe. In Central and Western Europe, the markets have forced the foresters on the wood supply side to cope with new competition from Eastern European forests. In highly developed national economies, sinking wood prices and higher labor costs have changed the economic parameters for forestry dramatically. In order to survive in these markets, structural reforms of forest production in state and private enterprises have been inevitable.

On the social level, many citizens in European nations still think of members of other states as foreigners who should not have the same rights as residents. As a result, when employment or salaries drop, conflict between nationalities emerges, and border tightening is demanded by citizens. In general, national agendas dominate and hinder outside impacts on “national” forests; however, some environmental values regarding the forest have gained influence because of cross-border activities (Schmithüsen 2004). Under the umbrella of sustainability, new demands for environmental and nature conservation standards have emerged. These demands for non-wood ecosystem services have diminished the options for economically profitable wood production.

This snapshot shows that key issues for national forests like guaranteeing ecological health, maintaining economically profitable wood production or serving the new demands for non-wood products are driven by cross-border impacts from both the European and the global contexts. The cross-border effects are one reason why a unified EU forest policy could produce added value to national forest policies. The question is how such an EU forest policy relates to national forest policies. Further questions to be asked are why EU forest policy can claim to be “modern,” and how and why it is accepted by member states.

The answer given in this paper is based on the interest and power model of forest policy (Krott 2005). The assumption is that the specific forest policy of the EU can be explained by the interests of stakeholders and their respective power. The analysis focuses on the changes in forest policy-making at the national and international levels

in Europe during the last two decades. By then applying concepts of governance and government, a theoretical basis is identified which is able to explain the new developments. Finally, conclusions are drawn as to how a proactive forest policy can cope with these challenges. The analysis is based on literature and on two theoretical and empirical studies about networks and state forest institutions by the author and his team (Hasanagas 2004, Krott and Stevanov 2004).

## 2. National and international responses of forest policy

In the past two decades, forest policy makers adapted to the emerging challenges for forestry by initiating numerous activities on national and international level. In all European countries forest policy makers reformulated forest law and initiated a rather deep reform of the state forest services. Private forest ownership was re-established throughout countries in structural transition. Furthermore, sustainable forest management certification spread in European countries and National Forest Programs were initiated (European Commission 1999; Indufor et al 2003, Rametsteiner 2000).

On the international level, the Ministerial Conference for the Protection of Forests in Europe (MCPFE), involving more than 40 countries including the Russian Federation, was established in 1990. The main task was to develop a common understanding for the protection and sustainable management of European forests. In contrast to this forest-focused international body, the European Union (EU) does not have an explicit mandate to formulate forestry policy. Nonetheless, it influences forestry strongly with policies in agriculture, rural development, nature conservation and the environment. Additionally, the EU formulated a forestry strategy in 1998 which was renewed as EU Forest Action Plan in 2006 for a planning period until 2011 (Council of the European Union 2006). As follow up to the United Nations Conference on Environment and Development in 1992, the forest also became subject of global initiatives which were strongly reflected by the MCPFE and the EU (Hofmann 2002).

This rather confusing bundle of new national and international forest policy initiatives can be structured along two different types of policy-making (Benz 2004). Important forestry issues are handled by the state through a policy process that creates regulatory programs and implements them through semi-compulsory means (Krott 2005). The regulation of conflict is managed by the state with its authority to implement binding solutions for

all forest users e.g. formulating and implementing the new forest law. This process is the heart of “traditional” forest government.

A growing number of forest policy instruments do not fit into this concept anymore because they go beyond the domain of a single state authority. A National Forest Program is policy making for sustainably managed forests through broad partnership between government and non-government organizations (Glück et al. 1999). Broad participation is essential, meaning that the state becomes just one partner in the network, and solutions must be based on broad bargaining instead of on state power only. Such loss of power by an individual state also happens on the international level because there is no “state of Europe” and consensus among the partners, which are sovereign states, is necessary e.g. within the MCPFF. By virtue of these distinctive features—networks and bargaining among partners from state, economy and society—the new forest policy initiatives follow a policy-making type which can be better described through concepts of governance which differ from state-centered government processes.

Forest government and forest governance are found on different levels of forest policy in different proportions (see Table 1). In forestry at the national level, traditional forest government dominates; however, a few forest governance processes were initiated, mainly National Forest Programs, Certification and integration with rural development. At the international level, only governance among sovereign nations is possible. A striking exception is the EU. Based on the treaty between the member states, the EU has a mandate to use government instruments which are binding for the member states. However, the power of the EU is rather limited; therefore it introduces a number of governance instruments, especially in the case of forestry.

The distinction between government and governance becomes meaningful in analyzing forest policy because the two concepts differ

significantly with respect to the political dynamics of their respective instruments. Understanding the difference also facilitates choosing political theories that are appropriate for describing and explaining forest policy and, finally, results in useful recommendations for the practice. The following sections seek to do this, focusing on theories of administrative policy-making and networks.

## 3. Forest government in European countries

### 3.1 Rebuilding rule of law, private ownership and markets in forestry

The transition of the communist centrally-planned states into democracies and market economies was the most significant development in forest government. The countries in transition strongly based the design of their government instruments on the model provided by Western countries. When the formerly communist countries were accepted into the EU, the requirements of membership gave strong additional impetus to adapt their policies.

As a result of the last two decades of policy development, forest and forest related environmental laws in all European countries share quite similar ecological and economic standards of sustainable forest management. But the unified legal basis means different things for the government process in old and young democracies. In the old democracies, due to pluralistic balance-of-power systems, laws had little room to change; by adjusting implementation, state and private institutions were able to move forward with new trends in ecology and economy. For example, important ecological standards far beyond the requirements of law have

**Table 1: Forest Government and Forest Governance in Europe. \*Estimated volume of activities in % 2000-2008**

Level of forest policy	State authority	Type of forest policy *	
		Government	Governance
National forest policies	Full	90	10
EU forest-related activities	Partly	80	20
International forest activities	None	0	100

been embraced by state owners and a group of environmental oriented private owners (Schraml et al 2003). With regard to economic innovation, private owners and some state owned enterprises have started to shift forest management toward higher profitability well beyond the incentives created by policy (Österreichische Bundesforste 2001).

In the new democracies, the process is quite the reverse. New legal standards for sustainable forest management and privatization were formulated rapidly during the transition period, but implementation lags far behind the law (European Commission 1999, Indufor OY et al. 2003). Restitution and re-privatization has produced a large number of small private woodlots, whose owners often lack skills and capacity for forest management. They often cannot fulfill their roles as private owner and active participant in forestry markets. Forest policy lacks the strength to provide them with sufficient extension service and financial incentives which could help private forest owners become the strong and responsible actors in sustainable forest management expected by the concept of private ownership.

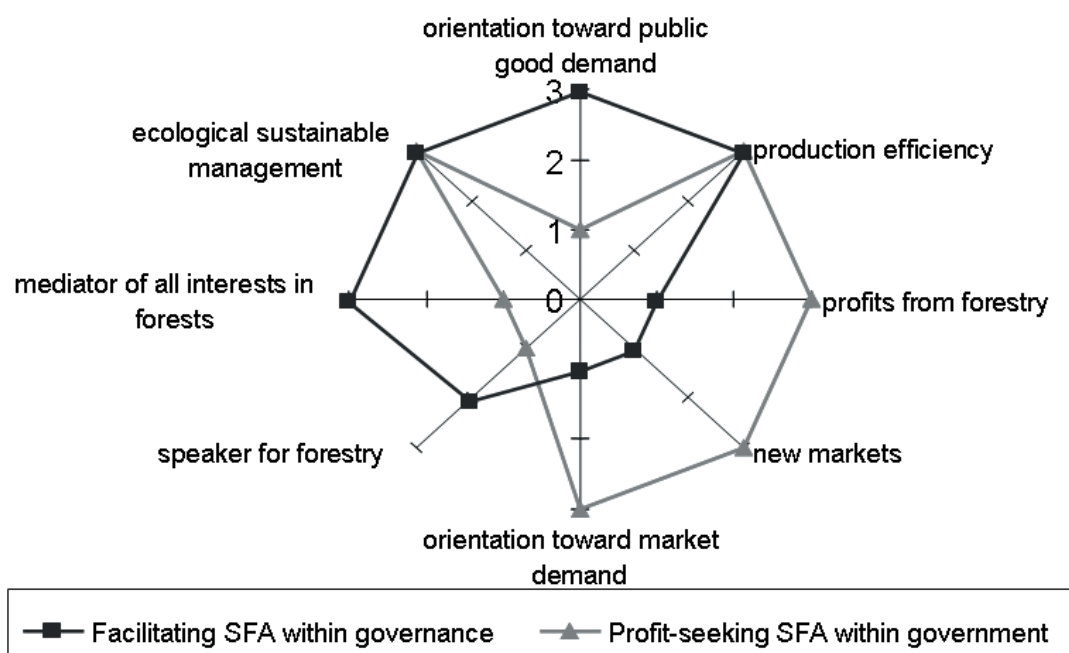
Furthermore, the overall enforcement of the rule of the law lags far behind legal requirements. "Black" and "gray" markets for wood as well as for labor in timber harvesting and transport are widespread problems in the young democracies (Indufor OY et al 2003). The illegal activities are evidence that these countries are struggling to provide the government framework which is a basic presupposition for the development of strong markets.

The widespread implementation problems in the young democracies should not be misunderstood as major failures of the national forest policies. The opposite is true; the deficits are the consequences of very progressive, innovative and quickly formulated new forest related laws with high standards. But they show where the challenges for forest government lie in the young democracies today. Positive impacts for sustainably managed forests can be achieved if the traditional government instruments of monitoring, extension and financial incentives are strengthened in the implementation.

The outcome for the old democracies is different because in their cases the law has fallen behind innovative practices. The challenge for government forest institutions is to reformulate the regulatory instruments faster in order to keep up with the innovations of the sector. For example, ecology has not yet been sufficiently included in forest planning and financial incentives under forest government to provide room for the emerging issues of forest biodiversity. Another example is climate change and carbon sinks in forests: specific forest government instruments have not yet been formulated.

International regimes like the MCPFE and other international conventions that impact forests can trigger the formulation of innovative national government instruments, but they cannot change them directly. It requires joint efforts from the entire forest sector and the skillful use of national "windows of opportunities" to reform the legal basis of specific forest policy instruments. These cross-border pressures have not replaced the national forest government process but have opened up new challenges for it (Hogl 2000).

**Figure 1: Benchmarking the state forest administration (SFA) forest policy goals on state and private forest land. Source: Krott, M., Stevanov M. 2004; Krott, M., Sutter, M. 2003.**





## 3.2 Economic streamlining of the forest administration

The state forest administration plays an important role in the formulation and state-wide implementation of forest policy. It is also a major economic actor by managing the state owned forests. The organization of the state forest administration varies among European countries. Management and policy tasks can be handled by one integrated state institution—as in the majority of countries in transition—or by two or more different state institutions that the economic-driven reform has newly created in some countries.

Defining the overall outputs of the state forest administration is important for optimizing the internal organization (Krott and Sutter 2003, Krott and Stevanov 2004). In all European states, forest policy formulates goals which can be used as benchmarks for the state forest service (see Figure 1). Ecologically sustainable management is an accepted principle in all European states and is expected to be supported by the policy activities of the state forest service and by the management of the state land. There is also consensus that multiple-use forestry should produce marketable products like wood as well as public goods such as recreation or biodiversity. Improving economic strength can be done by increasing cost efficiency, maximizing profits and developing new markets. Finally, in the political arena, there is a role for the state forest administration to be a speaker for forestry in national policy settings and to act as a mediator and fair broker between the diverse interests in the forest that range from wood production to nature conservation.

With respect to the rather small economic potential of forestry, the state forest services are huge institutions in Europe. In the old democracies, the state expanded its administration during the economically prosperous 1960s and 1970s in order to offer private forest owners a powerful extension service and to serve the general population by providing recreation and nature protection facilities. The young democracies inherited from their centrally-planned communist systems a well developed state forest administration which was directly managing the entire forests of the states.

Today, in contrast to the prosperous past, the driving force of reforming the state forest administration is the lack of financial means for the state institution. In the old democracies, the fiscal pressure of the state results in diminishing financial means needed to cover the deficits of the state forest administration. In the young democracies, the state budgets lack the strength to cover any deficit of the state forest administration; expectations and political pressures are high to generate financial revenue from the management of the state forests to contribute back to the general budgets. At best,

the state forest administration gains a more or less autonomous financial status (Krott 2001).

The reforms mean that the state forest administrations must switch to a model of “profit-seeking state forest administration.” As a result, the market orientation of wood production turns increasingly towards maximizing profits. In addition, new markets are expected to finance the public services of recreation, nature conservation and environment. Simultaneously, the pressure to lower costs reduces public goods and services to a minimum standard. Ecologically sustainable management is still expected, but pressure for cost efficiency forces silviculture management into a “mission impossible”—to be highly efficient in the short run and simultaneously follow long term ecological standards.

The reforms also have consequences for the policy role of the state forest administration. Public funds are saved by shrinking the state administration, which in turn reduces activities in monitoring, planning and extension. The market becomes the trusted regulatory force: private forest owners and industry acquire more freedom to run forestry according to their own interests.

The model of “profit-seeking state forest administration” fits very well into the overall change of the role of public administration within the government process (Jann 2002). The state seeks to diminish the financial burden of a large administration by limiting the direct and free supply of public goods and services. A slim state administration should guarantee at minimum that additional demands will be served by private economy and society.

The change into a profit-seeking state forest administration has already and will in the future change the way forestry is managed in the European countries. By reducing the tasks of the state, the slim forest government concept leaves forestry to the demands of markets to a greater degree. Two consequences are politically most important. Firstly, shrinking the forest government gives a rather vague answer as to how to serve the public demands which cannot be organized into markets, such as many environmental and recreation needs. Secondly, sooner or later the shrinking forest government will reach the point when the state forest service becomes too slim to be able to monitor and guide the implementation of forest policy in a proper way. Consequently, the standards of forest law will either lose their impact on forest practice or other public administrations will take over the task of guaranteeing the sustainability of forests.

## 4. Forest governance on a national and international level

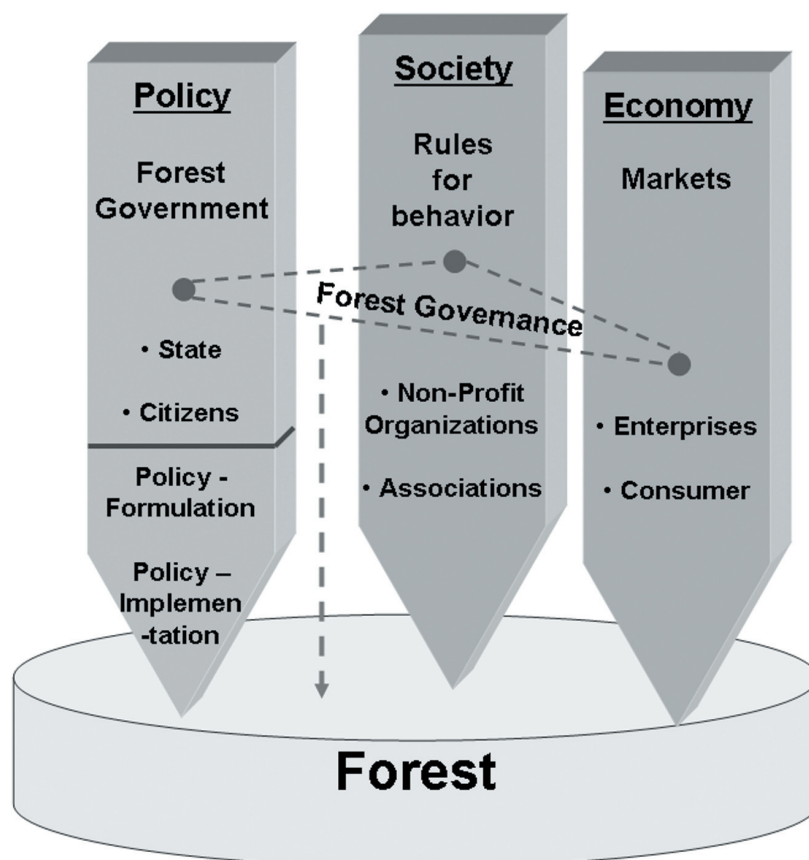
### 4.1 Success within forest governance processes

In the last decade, the policy alternatives to forest government have increased, resulting in the concept of forest governance. The key elements of the forest governance concept are shown in Figure 2. The first pillar symbolizes the state-driven government process aimed at the formulation and implementation of political solutions for the forest (Krott 2005). In addition to government, society and economy also produce rules guiding the use of the forest. The dominant stakeholders in society are non-profit organizations and associations. In the economic system, private enterprise dominates the markets. Whereas in the government concept all three systems—policy, society and economy—develop autonomous solutions for the forest, in the governance concept the interdependence between policy, society and economy becomes the central process for seeking solutions for forestry problems (Rhodes 1996).

Forest governance is forest policy-making as a social bargaining process for regulating conflicts of interests in forests within a self-organizing network of public and/or private members without formal dominance of the state. The promise of governance is that networks can be built up around specific problems, organizing members from different sectors with specific resources, competencies, interests, responsibilities and means to solve problems of forestry. The open communication steers policy learning, improving the mutual understanding and triggering new solutions (Shannon and Schmidt 2002). If the willingness to learn is insufficient or win-win solutions are not at hand, the networks offer options for negotiations, paving the way for compromises among the participants.

The National Forest Programs are important initiatives for developing forest governance strategies in many European countries (Rayner and Howlett 2004). Since 1992, 12 European countries have started National Forest Programs. The programs are expected to develop improved solutions for sustainably managing forests based on the principles of broad participation, collaboration and a holistic, intersectoral approach (Humphreys 2004). In the National Forest Programs, creating an institutional platform for a long-term process which develops iterative adaptive solutions for sustainable forest management is as important as implementing a

**Figure 2: Elements of government and governance in forestry**



specific plan of action (Schanz 2002). To date, 12 countries with National Forest Programs, including Czech Republic, Finland, Denmark, Belgium and Germany, have implemented National Forest Programs. They operate with a philosophy of state-regulated self-regulation, which means that the state remains the most important player in guiding the process. On the other hand, countries like Netherlands, Portugal, Sweden and United Kingdom did not establish National Forest Programs *per se*, but developed networks of private self-regulation of specific forestry issues like certification; in these countries, the driving factors are private actors with a high capacity to act.

The diverse nature of National Forest Programs demonstrates that forest governance involves not only optimally networking stakeholders through communication with the common goal of sustainably managed forests; it is also a process driven by power. The process and the outcome depend highly on the distribution of power and information within the networks. Consequently, for a specific forest institution, the challenge of governance is to identify the patterns of power and information which are relevant for a specific governance instrument. Based on this knowledge, proactive participation can lead to success, but in other cases it might also be rational to resist participating and to save resources for alternative activities.










Alternate strategies for acting within a network were analyzed by a recent case study of 12 networks comprising 234 state and private actors in Finland, Germany, Greece, UK, Sweden, Spain, Ireland and Denmark (Hasanagas 2004). The analysis model explains that success within a network is based on two sets of variables: network conditions and actor-related means. The theoretical explanations are based on statistically tested data produced by a telephone survey in eight European countries. The results can be illustrated by an example focusing

on cross-sectorality as a major goal of networking. In principle, a specific actor can use information, financial means or pressure for surmounting the borders between sectors (Krott, Hasanagas 2005).

In networks which are dominated by state agencies and which are strongly formalized, information or pressure is seldom sufficient to build new linkages between sectors (See Table 2). Within this discourse, new arguments from private actors are selectively used by the state agencies to support their programs. Even scientific proofs cannot influence the dominant formal arguments of the state agency. Additionally, the pressure of private actors is not strong enough to achieve an impact. The only effective means is to use financial incentives. Paradoxically, in the opposite setting, networks that have low state influence and low formalization do not offer good chances for effective arguments in the discourse either. In such networks, the whole structure is too flexible to pin down commitments for a joint cross-sector project. This flexibility also means that participants can easily escape pressure. Nonetheless, financial incentives can again be sufficient to attract partners.

Networks with low state influence and high formalization offer the best setting for building bridges across sectors by means of information, financial means and pressure. Such networks, described as social corporatism (Jordan, Schubert 1992), enable associational arrangements and spontaneous cooperation. They follow voluntary political and social procedures which involve the participants in cross-sectoral formulation and implementation of joint solutions. The example proves that specific network factors do decide whether and how integrative solutions can be achieved. This supports the conclusion that in some settings only forest governance will improve the situation for the forest partners. In other settings, governance instruments will weaken the position of forestry because certain participants will dominate

**Table 2: Means for cross-sector linkages**

Actor related means			Network factors	
Use of information	Use of pressure	Use of incentives	State importance	Formalization degree
			High	High
			Low	Low
			Low	High

Legend:  incompatible;  effective

Source: Krott, M., Hasanagas, N. D. 2005



the results. Network analysis can help identify in advance the most promising networks.

## 4.2 New role for a “facilitating state forest administration”

The different—but still important—role of the state within the governance model also means a new challenge for the state forest administration (Jann and Wegrich 2004). In practice, governance needs a mediator who supports the build-up of a well balanced network of partners and is able to follow some procedures. In absence of network rules and mediation, the stronger participants would easily misuse the arrangement to legitimize their programs only.

Basically, the role of a mediator fits the state. The state forest administration could take this position if it leaves its role as speaker of a forest sector narrowly focused on wood production and opens up to all stake-holders interested in the use and protection of the forest. The mediator must win the trust of all participants by acting unbiased. The guiding principle is to enable a sustainable multiple-use of the forest by organizing a well balanced governance process in joint search for solutions. The process as such is already a public good and the results are expected to complement the market-driven forest use in the cases in which deficits from the point of view of public goods became apparent.

The task of governance is to facilitate a process where society and enterprises participate in joint efforts to support sustained forests. It requires the state forest administration to change from a profit-driven to a facilitating type of public administration. Figure 2 demonstrates the essential differences between the two types. The orientation toward market demands will diminish and the orientation toward public-good demand and a role of mediator will strengthen. The goal for efficiency will remain high because the new role should also be fulfilled with minimum costs. Throughout European countries, the state forest administrations have the best opportunity to be the most efficient facilitating public administrations because of their widespread capacities throughout the region, their competence, and their experiences in managing state-owned forests (Krott 2001). The most difficult task is to be unbiased and acceptable brokers for all participants interested in forests. If the state forest administrations fail to fulfill the requirements of governance, other public administrations will take the lead in forest governance. The outcome would be that the forestry will be restricted to market-based wood production and the multiple-use issues of the forest will be taken over by environmental institutions.

# 5. Forest government and governance in the EU

In 2001 the EU published the White Paper on European Governance (European Commission 2001). The governance strategy is aimed at healing the paradox that people all over Europe have: they see growing problems and expect solutions from policy, but they simultaneously distrust all political institutions especially the EU. Involving people, the state and private institutions in joint development of solutions should increase the acceptance of the EU. The governance approach has not yet changed the key elements of EU policy, which is government by binding solutions based on the Treaty, but governance adds elements of communication and decision-making via networks to EU activities (Heritier 2001). Combining governance with government means that the participants from policy, economy and society do have a chance to find joint solutions, but if they fail the EU will go forward with classic government actions. In practice, governance is done in the shadow of the state-driven government. Governance often either becomes the first stage in a process which continues in traditional legislation, or governance simply supports the implementation of existing laws. In both cases, classic government remains the stronger element of EU policy-making. To date, the EU is still far from becoming a “confederation of learning networks.”

The dominance of government and the specific but limited role of governance are of high relevance for forest policy on EU level. Based on the Treaty, the EU has no mandate for an EU forest policy. This gap in EU policy means not freedom for autonomous national forest policies but rather the opposite. The national forest policies are highly influenced by numerous EU policies which have side effects on forests and the international markets supported by the EU become driving forces for changing the forest sector.

Most important to forestry are the growing demands of the EU environmental policy, e.g. the Birds Directive, Habitats Directive, Water Framework Directive and measures for meeting the Kyoto targets by forest related sinks. Of the same relevance is EU rural development policy in which forestry is one integrated part of rural development (Flies 2004). Most financial incentives for forestry are provided by the EU within the framework of regional development, meaning that specific forest sector needs lose relevance. The forest policy role in EU environmental and rural development policy is weak due to the lack of an EU forest policy which could balance the prominent position of other sectors on EU level.

At the moment, the only vehicle for EU forest policy is forest governance. The EU focuses on governance in the EU Forest Action Plan 2007–2011. A key element of the strategy is better communication in order to improve coordination and cooperation in all policy areas relevant to the forest sector. The National Forest Programs are the most prominent new instruments to organize the implementation of international commitments. As discussed, proactive forest governance could strengthen forestry, but governance is by no means a guarantee that forestry interests will hold their position against growing demands from other participants in the new networks. Of bigger concern for forest policy is that even if forestry is successful in the communication networks, these governance instruments cannot go beyond the limits drawn by EU environmental or rural development policy.

A promising strategy for strengthening forest governance is to focus on international markets. Because EU government is strongly oriented towards supporting markets, a market-driven governance strategy will find a positive response from EU institutions and policies. The vision 2030 “Innovative and Sustainable Use of Forest Resources” formulated by the Forest-Based Sector Technology Platform in February 2005 wants to enlarge the role of the forest-based sector in Europe (Forest-Based Sector Technology Platform 2005). An innovative forest-based sector could contribute significantly to the sustainable development of a globally competitive EU. The initiative would be driven by representatives of the forestry industry, private forest owners and science. The basic idea is the “transition of the sector from being largely resource driven to being market and knowledge driven” (*Ibid.*). Due to the strength of the participants and market orientation, the platform could seed a powerful forest governance process.

The platform is a good example of how governance in connection with government can have an impact on forest policy. It opens up a window for all stakeholders interested in strengthening the market-oriented profitable use of forests in Europe. This initiative would find support in the important government task of the EU of strengthening European-wide markets. Within such a framework, the interests for market-driven forestry will grow stronger, whereas the interests in public goods from forests as environmental, recreation and cultural benefits remain limited. Such a setting of interests within a governance process has a significant potential to shift the priorities for the multiple-use of European forests under the umbrella of sustainable development.

## 6. Labeling EU forest policy as “modernization”

EU government and governance instruments claim to address problems better than purely national forest policies. They argue that cooperation and coordination within the EU will produce added value. Joint activities gain a better understanding of the cross-border processes driving forestry: they accumulate knowledge and experiences and generate innovative solutions. The EU presents modern solutions superior to national forest policy, which is limited by tradition, by strengthening new governance processes in forestry (Hogl et al 2008) and encouraging technological innovation. Why is the EU claim—that it is modern and innovative—widely accepted despite the common negative image of the EU as “bureaucratic institution” far removed from the needs of the citizen?

The reasons are partly because of the EU information process and partly a result of power strategies. On the information level, there are good arguments that a community of 500 million people has a greater potential for generating innovative ideas than a single member country, and 1000 million hectares of forests provide a significant incentive for problem solving. More important than these informational or technical arguments are the power strategies. For all EU institutions, it is essential that they claim to be better than the national institutions. Being better, i.e. modern, legitimizes the EU and its institutions. It is unthinkable for the EU to admit that member states might know a policy field better and simultaneously argue that the EU should be more active in that field.

As important as the argument of superiority of EU institutions is the informal power strategy of member states. Stakeholders in a member state can use the EU as an influential support policy that faces resistance within their own country. In this case they promote modern EU forest policy just to change national forest policies in a direction they prefer. For example, for environmental groups it is easier to demand protected forest areas using modern EU concepts of biodiversity and European heritage than to demand protecting areas using only national arguments.

Furthermore, member states compete in influencing EU institutions to formulate policies which are in line with their respective national interests and thus promote them as modern and optimal solutions for all EU countries (Jordan 2005 p. 1). For example, in Finland, its National Forest Program is well-suited to the local policy style and forest policy framework, which are dominated by the forest and wood-based industry sector. Therefore Finland promotes National Forest

Programs as modern instruments of forest policy and necessary part of the EU forest strategy. In this way, the instrument preferred by a particular member state is endorsed by the EU as the modern instrument which each member state should use.

In summary, it is an advantage for both EU institutions as well as certain powerful national stakeholders to label EU policy as modern. Therefore, EU forest policy solutions—especially governance instruments in forestry—are claimed to be innovative and superior much more often than is justified. In conclusion, the dominance of national forest policies within Europe does not mean that traditional forest policy is outdated. It shows only that the golden shine of EU modernization is not strengthening forests as much as other competing sectors like nature conservation which gets reasonable warmth from EU.

## 6. Conclusion: Toward a wise national use of “modern” forest governance

The integration of Europe has created new cross-border problems for national forest policies, but at the same time the international policy process has introduced governance as a modern concept for forest policy. Based on theory and empirical examples, it is clear that governance is a new approach to policy making within self-organizing networks comprised of participants from policy, economy and society. The challenge in a changing Europe is to implement “modern” governance that also complements the classic instruments of forest government:

1. Forest government only has the ability to solve problems by enforcing solutions backed by the power of the state. Within a forest policy driven by real conflicts, this basic function cannot be replaced by a non-compulsory process like governance. The challenges of forest government are different in young and old democracies in Europe. Whereas the young democracies have to improve implementation to impact forestry in the field, the old democracies need to speed up the formulation of new legal programs to keep up with innovation in the field by private and state forest users.
2. Forest governance processes—as National Forest Programs, certification or MCPFE—offer chances for mutual learning by stakeholders from policy, economy and society in forestry issues. Forest scientists in

particular could use these forums to increase the transfer of knowledge about forests between stakeholders.

3. Apart from information exchange, forest governance processes deal with power as they tackle issues of forestry. It will depend on the distribution of information and power if a certain forest participant will be able to organize support for his or her interests and needs. Therefore, it is not recommended to join every forest-related network. The most important strategic decision is to select the most useful networks. Scientific quantitative network-analysis provides relevant information about the power and information processes within networks.
4. The state forest administration—comprised of policy tasks and management of state-owned forest in different organization models—is the key player in forest government. The European trend of downsizing state budgets has caused high pressure on the state forest administrations to focus on profit-oriented market activities. The profit-seeking state forest administration is forced to reduce services of public goods from the forests.
5. Governance offers a new task for a facilitating state forest administration. Governance processes need a neutral mediator to activate the network. Such a role could be fulfilled by the state forest administration if it gives up the narrow focus of being only the speaker for profit-oriented sustainable wood production. If the state forest administration fails, another state administration will do the job and gain a central role in the forest.
6. Governance can gain momentum if it fits well into specific government programs. A recent example is the Forest-Based Sector Technology Platform 2005. The platform promotes the shift toward a market-driven forest sector throughout Europe. This focus on markets fits well into the key agenda of the EU to strengthen free markets.
7. Governance is weak when it tries to change the impacts of government programs. The EU Forest Action Plan is an example for such frustrating efforts. The non-binding forestry strategy cannot protect forestry from the impacts of other forest-related policies of the EU, especially environmental or rural development policy. In these cases, governance means that forest participants accept and adapt to the EU government framework already decided by other policies.
8. EU forest instruments are frequently labelled “modern” and thus superior to national forest policy. To a great degree this label is applied

by the informal interests of EU institutions and specific member states. Therefore EU forest governance is often unjustifiably lauded as modernization. Traditional national instruments might be better and more innovative in many instances.

9. Governance is a challenging and sometimes risky search for new solutions to forestry issues by networking participants from policy, economy and society. A wise use of governance means keeping in mind the strength and reliability of the classic forest government instruments and moving beyond them only after verifying that the effort is worthwhile.

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